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MAC # ~~4676-79~~

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

8 OCT 1979

MEMORANDUM FOR: Director of Central Intelligence
THROUGH : Deputy Director of Central Intelligence
SUBJECT : Changes in the NIO System

1. Attached is our staff study on the NIOs. When you and Frank have read it, Dick and I would like three quarters of an hour or so of your time to discuss our plans.

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2. We have had several meetings with NIOs and Office Directors, separately and jointly. As a result, I believe that both groups are now satisfied with these proposals, although there are of course variations among them with respect to individual issues.

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3. Nothing is said in this paper concerning the Senior Review Panel. Its future is closely bound up, however, with the future of the NIOs, and its role would appear to be put in question by our plans. I hope we can resolve this question soon.

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Bruce C. Clarke, Jr.

Attachment

This memo can be downgraded to
UNCLASSIFIED when separated
from attachment.

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SUBJECT: Changes in the NIO System (NFAC #6070-79)

Distribution:

- 1 - DCI
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REFORM OF THE NIO SYSTEM

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REFORM OF THE NIO SYSTEM

Executive Summary

The National Intelligence Officer concept has proved its worth and is here to stay. It continues to suffer, however, from some long-standing weaknesses and from others that stem from the merger with the DDI in 1977. In general terms these are:

- The NIO's national role has been eroded. Community agencies believe they are being short-changed.
- Production of national intelligence, and particularly of NIEs and IIMs, is too slow to be responsive to the policy process.
- The NIO's responsibilities are not clearly understood by the consumer, by the Community, by the personnel of NFAC, and by the NIOs themselves.
- There are no clear guidelines governing the NIO role in the NFAC production process. As a result, the NIO is often perceived as a source of disruption.
- NIOs are overworked and too concerned with routine short-range staff work.
- There are too many NIOs, and their accounts overlap in ways that contribute to confusion as to their responsibilities.
- There is little uniformity in NIO performance; they lack both supervision and dedicated administrative support.
- Collaboration among NIOs is limited to some overlapping accounts. There is minimal collegial discussion or review.
- Regional NIOs have great difficulty in enlisting quality drafting talent; their dependence on NFAC for the bulk of their drafters slows production and creates difficulties in NFAC production planning.

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Some of these shortcomings can be substantially alleviated. Others, however, represent management choices made in the past. Changes will depend on the desire of this management to balance its equities differently. One common thread is the need for simplification and clarity. Another is the need for a reduction in the NIO's workload and some change in his priorities and ways of operating. The DCI and DD/NFA must resist the temptation to involve him constantly in fire-fighting and routine staff work.

The NIO's priorities should be:

- His responsibilities as the DCI's substantive advisor and surrogate in the policy process.
- Linking that process to intelligence production through the identification of policy interests and priorities.
- Production of national intelligence, with emphasis on its interagency component.

A critical relationship for the management of NFAC is that between NIO and Office Director. This relationship should be governed by the principle that the NIO is primarily responsible for interagency products, while the Office Director is primarily responsible for NFAC products. However, because "national intelligence" includes not only NIEs and IIMs, for which NFAC does much of the work, but also a substantial part of NFAC's product, the principle cannot be simply applied; the NIO must advise DD/NFA on the quality and responsiveness of NFAC's "national" product. In a corporate sense, NIO and Office Director share a degree of responsibility for all product, working within what should be understood norms. Some tension is inevitable, but whether it is creative or destructive depends on common sense and communication. In particular, the duty of the NIO to advise DD/NFA on NFAC product should be viewed as a means to encourage continued dialogue on papers in progress. If the system works well, the NIO's direct management role in the NFAC production process should be minimal, but his influence on the product should be great.

Unless the DCI wishes to take a deterioration in the NIO-Office relationship to bolster his Community equities, the NIOs should remain subordinate to DD/NFA (but not D/NFAC), while continuing to operate in relation to the DCI as they do today. Their national status should be recognized by giving them an organizational position distinct from that of the other elements of NFAC. This plus some changes of emphasis and priority will give increased attention to Community interests.

The number of NIOs should be reduced to those with clearly defined regional and functional accounts, and a number of "NIOs at Large" added. The number of assistant NIOs should also be reduced. The NIOs

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should be formed into an organization, the "National Intelligence Council," with a Chairman and supporting sub-structure. They should be backed up by the Assistant NIOs and a staff composed of a number of senior analysts with broad substantive skill. Such a staff, properly manned and flexibly managed, can provide a unique capability for the Community to produce timely and relevant papers in support of the policy process. Fundamental to the staff concept are changes in NFAC personnel policy designed to encourage the development of such talent.

A primary reason for declining interest among policy officers in the estimative product is the weakness of its tie to the policy process; it is difficult to keep product relevant when the production process is so afflicted with delays. Provision of NIOs at Large to back up the principal NIO, availability of a dedicated staff to draft, and some delegation of review authority to the Chairman of the Council should greatly reduce these delays.

Reduction in the workload on NIOs and the provision for supervision will provide more opportunity for collegiality, but this will always be limited by their specific quasi-operational responsibilities to the DCI.

The resource implications of these proposals are not great. The NIC would be perhaps half again as large as the present NIO establishment.

Adoption of the recommendations of this report would yield a limited improvement in Community attitude and cooperation and a greater improvement in NFAC efficiency, with the ultimate goal an improvement in product quality. Such progress is critically dependent on the support and restraint of the DCI, DDCI and DD/NFA, on effective working relationships among NIOs and Office Directors, on development of a skilled supporting staff, and, most important of all, choosing as NIOs officers adept in bureaucratic skills.

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I. Introduction

--- The purpose of this paper is to examine the role and organization of the National Intelligence Officers. Because of their central position in the operation of NFAC, however, it has been necessary to go beyond the limits of these terms of reference and deal with a number of other NFAC activities. The report is based on interviews with all NIOs, all Office Directors, the heads of the major agencies, and a number of other knowledgeable officers. Its focus is on deficiencies in the NIO system -- which are many -- rather than its strengths -- which are great.

The National Intelligence Officer system has proved its worth in the years since 1973. The environment in which it functions has changed considerably since then, however, and the NIO-DDI merger in 1977 brought changes to the system itself. With new management in NFAC, this is an appropriate time to take a fresh look at the NIOs and their place in the Community.

While NIOs are Community Officers, they are also NFAC officers, a conflict that has defied resolution since they were created. It will not be resolved here, but because it remains intractable it requires the greatest attention in this paper. The lesser emphasis given to Community aspects does not, however, mean they are less important.

The most important change in recent years has been the greatly increased attention given to those things loosely described as "quality of analysis" and our gradual recognition that NFAC, and the Community as a whole, ought to be able to do substantially better in this area. A new DD/NFA comes in, therefore, with a charge to improve quality of analysis. He cannot make progress toward this goal, however, unless he has a responsive organization with a coherent and efficient management structure. He does not have one now. NFAC's management structure is weak; it is short on delegation and long on delegates. The first step toward higher quality in analysis must be a rationalization of management: a shorter span of control, clear lines of responsibility, fully understood roles and missions.

The NIOs are charged generally with improving quality, and they have in fact made a considerable

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contribution to the progress that has been made. They are not the major problem in NFAC, but they are perceived as a major problem in the management of NFAC, because their tasks unavoidably conflict with the need of Office Directors for orderly and predictable management of their resources. This inherent conflict is aggravated by the fact that NIOs report individually to an overburdened DD/NFA. Moreover, there are no clear priorities and guidelines for their activities and they lack a dedicated supporting structure. This paper provides a framework for improvement in this small sector of NFAC management, but it does not deal with the pursuit of quality that is our ultimate purpose.

Nonetheless, there are limits on what can be achieved; there are basic contradictions in the NIO system that must simply be accepted. The complexity of the substantive problems we face and the complexity of our profession rule out rigid separation of functions and a pristine organizational structure. The matrix organization, with NIOs on the vertical axis and Office Directors -- and their counterparts in other agencies -- on the horizontal is innately messy. We have come to see that its strengths greatly outweigh its weaknesses; indeed tensions created by the messiness can be a strength, but they can also be destructive.

Whether they are one or the other within NFAC depends on the critical relationship between NIO and Office Director. While they are of equal rank and equal importance to the organization, their concerns and priorities are often different. If they are joined by professional respect for each other and by corporate responsibility for the quality of the product, the relationship will be fruitful. Constant communication among NIOs and Office Directors is the key to making the system work despite its contradictions.

One such contradiction brings more tension to the system than any other: the definition of national intelligence. National intelligence used to be rigidly defined as intelligence relating to the national security, transcending the competence of a single agency, and fully coordinated within the Community. In recent years, however, it has come to mean simply that intelligence required in the national security policy process at the NSC level. The concept of the National Intelligence Officer is based on the broader definition and places on him a responsibility to the DCI, DDCI, and DD/NFA for

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the quality of all national intelligence. By this definition, however, much of NFAC's unilateral product, although it is and should be primarily the responsibility of the Office Directors, is as national as an NIE. To a lesser degree, the same can be said for that of DIA and INR. Thus, in NFAC the NIO must bear a share of the responsibility for office output that is national in character, along with his primary responsibility for NIEs and other interagency production. Shared responsibility can result in no responsibility, but it can also result in creative teamwork. Coordination, communication and, above all, common sense are needed to regulate the national intelligence process.

The main body of this paper that follows proposes certain reforms of the NIO system, not radical change. If these reforms have a central theme, it is one of encouraging a corporate responsibility among NIOs and Office Directors. Section II attempts to define the role and priorities of the NIO. Sections III-VII treat generally recognized problem areas in the NIO system, and include recommendations for dealing with these problems in consonance with the findings of Section II. They are:

- The NIO's working relationship with NFAC (Section III)
- The place of the NIO in the Community (Section IV)
- The quest for collegiality (Section V)
- The number of NIOs (Section VI)
- Drafting support (Section VII)

Recommendations will be found in each of these Sections. Finally, Section VIII presents an organizational structure consistent with the relevant recommendations of the previous Sections.

II. The Role and Priorities of the NIO

- A. NIOs are engaged in a broad range of activities, varying not only with the substantive requirements of their fields, but also with their personal predilections and historical evolution. NIO/NESA

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manages the OLIVE HARVEST program, NIO/W is supposed to have a hand in the NFIP; a previous NIO believed that his policy role mattered and national production did not; another previous NIO shrank from any contact with policy officers. It is nonetheless possible to identify a set of responsibilities that are more or less accepted by all NIOs.

B. For the NIO as the DCI's staff officer:

1. The NIO is the DCI's substantive adviser and surrogate in his field or area. (And note that the regional NIO is the only appropriately placed senior officer available to the DCI for this duty except the DDO Division Chief.) In the policy process he supervises preparation and back-up for the DCI, represents him in mini-SCCs, etc., and links the policy process to intelligence production.
2. As the DCI's customer's man, he provides a single point of access to the Community. The typical NIO should deal on a daily basis with his opposite number on the NSC Staff and with the corresponding Assistant and Deputy Assistant Secretaries in State and ISA; he should be accepted by them as the DCI's man for their accounts. This does not preclude contacts between producer and consumer at all levels. These should be encouraged, but it is essential that the NIO should know who is talking to whom and what work is being asked for and promised. (In this regard, the lack of information flow up the chain of command as well as to NIOs is one of NFAC's greatest vulnerabilities.)
3. The NIO is also head of his own "sub-Community." He links the working level across disciplines and across agencies, consumer to producer to collector. He "produces" interagency intelligence -- not the least of his duties -- and he warns. Finally, he links the Community to academia.

D. For the NIO as an NFAC officer:

1. His primary role is in the production process. He manages interagency production, except that

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of the DCI Committees, advises on NFAC production, and participates in the production planning process.

2. More generally, he should be a source of "creative tension" in a system that has an inherent tendency toward established ways of doing business and conventional wisdom. He can give DD/NFA an independent assessment of NFAC's strengths and weaknesses.
 3. The NIOs can also serve as a "ginger group" for the DD/NFA, suggesting new approaches and developing new perspectives both in sources and in substance.
 4. The NIO serves as a single point of access for the consumer to all the various NFAC resources within his field. While it is essential to provide this service, it is only a service. The consumer should not have to go through the NIO if he knows what he wants and where to go for it.
- D. A caution: the absolute necessity for the NIO to remain in close contact with the policymaking world -- in order to define the product and ensure its responsiveness -- must not be allowed to compromise the independence of the product itself from policy views.

E. Recommendation

Guidelines should be promulgated that establish the following priorities for NIOs, recognizing the variations among individual accounts but not among idiosyncracies.

1. Supporting the DCI in the policy process.
2. Linking that process to production.
3. Oversight over national intelligence production.
 - a. Managing interagency production
 - b. Advising DD/NFA on NFAC production
4. Other Community activities.

III. The NIO and NFAC

- A. Section I discusses in general terms the difficulties that arise in reconciling Office Director in-

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terests with those of NIOs. Some more specific problems are as follows:

1. Because the NIO is a National Intelligence Officer he must be concerned with what the offices have to say on topics of national interest in their memoranda, current intelligence output, etc.
2. The NIO is charged with supporting the DCI in the policy process. Because the deadlines tend to be short, he must rely for the bulk of the work on NFAC analysts, and this will on occasion interrupt their planned assignments.
3. In interagency production, established principle calls for the NIO to recruit task group chairmen and drafters ecumenically. In practice, however, NFAC is the primary source and in some cases the only source. Negotiation for drafters is the largest single factor causing delays in production. It is in itself a drain on the NIO's time and a cause for friction between him and the Office Director, for whose production program the unplanned and unplannable loss of quality talent to NIO projects can be disruptive. But, the quality of NIO product depends primarily on the ability of the drafters he is able to procure.
4. Several NIOs are overworked and most are involved in too many problems. Some are too much used in fire-fighting and in day-to-day chores for the DCI and DD/NFA, inevitably creating a perception that they "interfere" in NFAC management. They are left little time for longer-range thinking and planning. Some of this is unavoidable when the DCI depends on them, but some results from earlier attempts to use them as instruments to run NFAC and from the increase in NIO assistants.
5. There is an inescapable contradiction between the statement in Section II that the NIO's first priority is to serve the DCI and the suggestion in this Section that this load be reduced. There is also a contradiction between a proposal to lessen the NIO's direct involvement in NFAC

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management and the necessity for him to rely on NFAC for the bulk of the DCI's short-term requirements. These can be resolved to some extent, however, by the ways in which the NIO carries out his duties to the DCI and in which the DCI uses him.

6. There is confusion among the NIOs, within NFAC, and in the Community as to their proper role. This both causes and is encouraged by the unevenness of performance among the NIOs. Some of it comes from lack of definition and some from the absence of any mechanism for supervision over NIOs. For the administrative and support elements of NFAC, dealing with thirteen NIOs can be a nightmare.
 7. More specifically there is confusion (and some avoidable tension) over the role of the NIO in the NFAC production process. Some of this is caused by the built-in (and desirable) difference in outlook between NIO and Office Director, but some by the 1977 order that NIOs manage interoffice production and some by the absence of any clear guidelines as to who does what.
 8. A particular problem is that created by the absence of a single "CIA" representative in interagency coordination sessions. The NIO is forced willy-nilly to develop one by brokering among the NFAC offices concerned, a situation that makes it somewhat difficult for him to be a Community arbiter aloof from NFAC's internal affairs.
- B. The above recital suggests a need for some governing principles that would help to create a common understanding of the complex interaction of NIOs and offices. The goal is to reduce NIO involvement in management of the offices while preserving or even increasing NIO influence over the nature and quality of the national product. Principles will not by themselves reduce frictions or provide perfect clarity; they will only suggest to the participants in this process the proper roles to play and ways to resolve conflict. There are three such principles of great importance:
1. The NIO is fully responsible to DD/NFA for the production of interagency national intel-

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ligence. The Offices and their chains of command are fully responsible to DD/NFA for national intelligence produced by their offices. The NIO is also responsible for the quality of this intelligence, in the sense that he is responsible for advising DD/NFA whether or not it is suitable for issuance. But see IIIC immediately below for the implications of this responsibility.

2. Offices and NIOs have a corporate or joint responsibility for the production of NFAC. This implies that all such production be fully coordinated within NFAC, including the appropriate NIOs. For an exegesis on this principle see IIID below.
 3. NIOs and Office Directors must be responsible partners. See IIIE below for the NIO side of this relationship.
- C. The NIO's responsibility to advise the DD/NFA means in simplest terms that as the DCI's link to the policy process he advises DD/NFA to have a required paper prepared and, when it is ready, whether or not to issue it. If, however, papers were only referred to him when they were ready for issuance the waste and friction would be enormous and the consumer would rarely be served well or on time. Rather, the NIO's right to recommend against issuance should serve as a rarely used sanction. It should have the effect of causing the constant communication between offices and NIOs that we seek. No analyst or team chief is going to invest time in a national project, especially one conceived by the NIO, without consulting the NIO at each stage along the way to ensure that his work will be responsive. (This does not mean suppression of substantive disagreement, but rather an earlier surfacing of it.) If the system works, appeals to DD/NFA should be rare.
- D. Coordination is more easily enforced in principle than in practice. By its nature the interagency production managed by the NIO will be coordinated with the offices. By its nature office production is far more difficult to coordinate fully with the NIOs, if only because of volume and time. The principle should stand, but should be interpreted to mean that the NIO should have an opportunity to coordinate on any piece, including those in the PDB and NID, that bears on his concerns. Considerations of time must be

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balanced against those of criticality; in most cases he may choose not to intervene, certainly on minor points of detail. Again the message is one of communication. Specifically, no typescript memorandum with policy implications or containing estimative or judgmental material should slip out of NFAC to a policy officer of which the NFAC chain of command and the NIO are unaware and do not have the opportunity to review.

- E. The discussion above asks much of the Office Directors, but this should not be a one-sided partnership. The NIO should expect to be kept informed on their activities, but he in turn owes them several things. First, he must keep them informed on his activities, including -- to an audience limited to whatever extent discretion makes necessary -- policy matters of which he is cognizant. Second, he must encourage the strengthening of their analytic capabilities. Third, he must protect them from excessive consumer demands and do all in his power to enable them to maintain coherent research programs. Fourth, he must not delay their production because he is otherwise occupied. Fifth, he must work within an established set of organizational mores, as one of a number of NIOs with common operating procedures understandable to all.
- F. It is easier to enunciate these principles than to apply them to the complex NFAC production process, which is precisely where the frictions and confusion come in practice. Moreover, they should not be applied rigidly; theory is grey but the tree of life is green, as a former First Secretary once remarked. In particular, DD/NFA should be able to use his resources to best advantage without regard to organizational distinctions. One problem area where he might wish to do so is on inter-disciplinary projects involving major contributions by two or more offices. In some cases, an NIO may be the logical officer to lead such a project. Yet again, one ends up with the litany: common sense, communication, corporate responsibility.
- G. All this said, it is possible, by breaking down the production process into its component elements, to derive from these principles some reasonable clear guidelines as to who does what. These are presented on Chart I. They reflect:

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1. The leading role of the NIO in consumer liaison and hence in the definition of most important national intelligence projects.
2. Interaction of NIO and Office Director in the production planning process.
3. Clear responsibilities for the management of various types of production.
4. The advisory role of the NIO in the final review of national intelligence products, with all that that implies.

H. Recommendations

1. Promulgate the principles stated above.
2. Restore bureaucratic experience and deftness, in addition to broad substantive capability, as the most important desiderata for recruiting NIOs.
3. Issue guidelines and priorities for NIOs along the lines of Section II.
4. To develop some conformity and to ease the administrative burden, reestablish an organizational entity for the NIOs, with a chief and a supporting administrative structure. But place no barriers between the NIO and the DCI, DDCI, and DD/NFA. He must continue to act as the DCI's advisor and surrogate and work directly with him.
5. Eliminate the least clearly defined NIO accounts. (See Section VI below)
6. Reduce the number of assistant NIOs to one per regional NIO. (But not the military NIOs. See Section VII below.) Exceptions may be necessary, however, for certain regional accounts.
7. Eliminate a major source of friction by reducing the drafting load on the offices and the negotiating load on the NIOs through provision of dedicated NIO resources. (Also see Section VII.)
8. Encourage NIOs to shed on the offices routine work not directly related to their responsibilities.

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Restraint on the part of the DCI, DDCI, and DD/NFA in keeping routine requirements within the chain of command will be helpful in this. In dealing with crises the NIO should advise the DCI and be his link with production, but he should not normally head a task force and should expect the task force to do the production and briefing work.

9. Rescind the order that the NIO manages inter-office production, except when DD/NFA decides otherwise. But use NIOs' advice in facilitating cooperation among Office Directors on national intelligence projects.
10. Issue appropriate guidelines on specific responsibilities for production in accordance with Chart I.
11. Use the production planning process as an instrument for shaping the relative roles of NIO and Office Director.
12. Insist on a continuing dialogue among NIOs and Office Directors on all national intelligence matters of importance, from long-range research to PDB reporting.
13. Do not permit the absence of line relationship between NIOs and offices to create barriers to substantive interchange between NIOs and all levels of the offices.
14. Require that a single officer from one of the NFAC offices act as the senior CIA representative on each interagency paper. Make him responsible for developing a CIA position on matters of controversy among offices.

IV. The Community Interest and the Question of Subordination

- A. The original concept of the NIO as the DCI's man for running the Community has been seriously eroded, primarily in the regional area.
 1. The "merger" of NIOs and DDI was seen by the other agencies as the resubordination of NIOs to "CIA," a return to the bad old days of CIA domination of national intelligence. In fact,

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the merger did eliminate any single point of focus for Community substantive activities within the DCI's apparatus.

2. It is more difficult in theory for NIOs, one echelon down from the DCI, to speak with his authority. In practice NIOs work directly with this DCI as they did with Colby, but placing them in the production apparatus does reduce their ability to deal with non-production functions.
 3. The lack of front-office emphasis on Community matters has encouraged the NIOs to turn more inward toward NFAC. In certain cases, the DCI has been demanding of their time. Other agencies, notably INR, have taken a less active role in national intelligence, partly as a result of the indifference of some NIOs, partly as a result of their own departments' demands. The monthly warning meetings were greeted with considerable enthusiasm, not so much because of the subject matter, but rather because they represented a communal activity.
 4. The number of NIEs produced has dropped markedly, although some NIOs have increasingly used the IIM route to fill the gap.
- B. It is difficult to measure the immediate impact of this problem on the quality of national intelligence.
1. It is doubtful that military/technical production has suffered; NIO/SP, for instance, conducts himself as he always has and is no less seen as presiding over his sub-Community in an even-handed and objective way.
 2. For most of the regional NIOs, the Community side is less developed. Gains in quality from bringing in other points of view are more or less balanced by the loss from the dead hand of coordination. In any case, the contributions that other agencies would be able to make even with maximum cooperation would be small relative to those of NFAC. There are, however, many first-rate analysts in the Community whose services could fill critical gaps in NFAC's skills.

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3. Many important consumers, e.g., Brzezinski, profess not to want an interagency product much of the time.

- C. The problem is not unimportant, however, because Community cooperation extends to many important matters beyond intelligence production. Program managers are affected, if only unconsciously, in their attitude toward cooperative ventures by whether they see themselves as participating under the DCI in an overall collective effort that includes CIA, or as dealing with a DCI and CIA that are believed to act unilaterally when it suits them. And for producers, the image is that "CIA" has downgraded interagency work.
- D. While there are thus intangible (and some tangible) values in a reversal of the 1977 merger that would leave the NIOs again directly subordinate to the DCI, focused on the Community and independent of NFAC, there are costs as well.
 1. As noted in Section III, the NIOs are of great assistance to D/NFAC. A previous DDI invented some NIOs of his own to fill this gap (and to protect him from the real ones.)
 2. The DCI might well be faced with the need to reconcile the views of what would tend to be two independent substantive organizations.
 3. The competition between NIO and DDI would be renewed and possibly embittered. It would be much more difficult for the NIOs to work with the offices and their service to the DCI would suffer.
- D. The question comes down then to balancing the mostly intangible values of a more coherent and collegial Community against the very concrete values of efficiency in the apparatus serving the DCI.

Recommendation

Leave the NIOs in NFAC. At this juncture efficiency is more important.

- F. This does not mean that the status quo must be preserved. If the intangibles are important, it is possible to recover at least some of them by a more explicit recognition that, like the DCI, DD/NFA wears two hats. Moreover, this can be done without serious damage to NFAC's efficiency.

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Recommendations

1. The organizational entity recommended in IIIH4 should be the embodiment of DD/NFA wearing his national hat.
 - a. Call it the National Intelligence Council and place it on the organization chart under DD/NFA but separate from the offices, with a dotted-line link to the DCI. (CHART II)
 - b. Make its Chairman the point of reference for the Community on national intelligence production matters.
2. It should be made clear to the NIOs that more emphasis is to be given to participation of other agencies in national intelligence production. The Chairman should insist that each gives due attention to Community sensitivities and presides actively and evenhandedly over his sub-Community.
 - a. Each should meet regularly with his senior opposite numbers in the Community, for general purposes as well as for warning.
 - b. A more vigorous effort should be made to draw drafters for individual interagency papers from elsewhere than NFAC and to use products of other agencies as the basis for IIMs, etc. A particular effort should be made toward enlisting the cooperation of INR and reversing its seeming withdrawal toward a purely departmental role.
 - c. There should be renewed emphasis on recruiting NIOs and their assistants from agencies other than CIA.
3. All of the above should be carried out within the guidelines suggested in III above.
4. In discussing interagency production, it is assumed that new guidelines will be introduced clarifying the concepts of HIE, SNIE, and IIM, redefining them, or inventing new forms not muscle-bound by the accretion of usage and image. Whatever is done should be:

- a. Directly and meaningfully linked to the policy process.
 - b. Free of artificial obstacles of bureaucratic procedure so that they can be produced quickly and flexibly when needed.
- G. Such arrangements are of course an attempt to have the best of both worlds. Although the Community will not be happy to have the NIOs placed -- on paper -- one more echelon removed from the DCI, on balance these steps will be seen as a swing of the pendulum in the Community direction.

V. Collegiality

- A. There is a consensus that there would be benefit in restoring some degree of collegiality among the NIOs.
- 1. The advantages cited are:
 - a. Ease in dealing with overlapping accounts.
 - b. Peer review of important products.
 - c. Interaction leading to new insights.
 - d. Greater uniformity of response to management requirements.
 - 2. There are also limitations:
 - a. NIOs, unlike BNE members, have specific operating responsibilities, which they should not normally delegate to a collegium.
 - b. A collegium implies a Chairman. This would be provided in the recommendation for a Council.
 - c. NIOs at present do not have much time to put into collegial activity. This would to some extent be remedied by the recommendations in Section III.
 - d. The present NIOs, while highly qualified, include few broad-ranging generalists.

B. Recommendations

1. Charge the Chairman with encouraging a collegial approach to substantive problems and developing a process of peer review.
2. Create "NIOs at Large." They would be chosen with particular regard for their broad background and general substantive understanding. Their duties would relate particularly to the NIO responsibility for managing interagency intelligence production.

VI. The NIO Accounts

- A. There are now 13 NIOs. The NIO structure is excessively fragmented and clearly unwieldy. It was pointed out above that general confusion as to the NIOs' role is reinforced by their number and the lack of clarity as to their responsibilities. Equally confusing is the overlap among them, although the complexity of current substantive problems, particularly in the Soviet area, requires a certain amount of overlap. Indeed, if one virtue of the NIO is the introduction of a little tension into the system, overlap has a virtue in itself. But it has been overdone.
- B. Of the thirteen accounts nine, although overlapping, are more or less clearly defined, two military and seven regional. Four accounts are peculiar in the extreme and bear little resemblance to the other four: NP, PE, SS and Warning. The existence of these tends to vitiate the prestige and confuse the mission of the "traditional" nine. The first three, however, handle a number of important cross-cutting issues for which DD/NFA must remain responsible.

Recommendations

1. The principle should be established that NIOs with portfolio will be limited to those with clear regional or functional (military) responsibilities. This should reduce their number to nine or perhaps eight. The responsibilities of the others should be reassigned. (See below)

2. DD/NFA should initiate a staff study to determine how such issues as proliferation, arms control, technology transfer, narcotics, terrorism, law of the sea, and human rights should be handled, both on a national and on an NFAC level.

C. The individual accounts in question may be disposed of as follows.

1. East Asia and China. East Asia is vacant. John Holdridge is fully qualified to hold both accounts and is now doing so on an acting basis.

Recommendation

Merge these two accounts permanently.

2. Nuclear Proliferation. NIO/NP was set up by a decision of NFIB in 1976 that called for a one-year experiment with such a position. After two years it is clear that the experiment has worked to the extent that the Community is more fully sensitized to proliferation. Proliferation, however, is not a single problem but a collection of problems similar on the technical side but varying greatly on the political. The pressure for political-scientific collaboration needs to be maintained, but it also seems clear that this can be done on the national level by the involved regional NIOs with the help of OPA and OSI.

Recommendation

When Despres completes his tour, discontinue this account, but see Recommendation 2 under VIB.

3. Political economy. Heymann's assigned primary mission is to develop inter-disciplinary production. In practice, this means encouraging inter-office work, a responsibility that should be charged to the NFAC Production Board (and D/NFAC himself on the bottom line).

Recommendation

Eliminate the position of NIO/PE and make use of Heymann's strong generalist talents as an NIO at Large.

4. Special Studies handles a number of important accounts, but the combined total is a hodge-podge. Some are NIO functions, some are NFAC; some are staff, but at least one is line. There is no justification for grouping them together except convenience. Among his responsibilities are:

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- a. The Political Intelligence working Group, by all odds his most important job, and critical to NFAC and CIA. The guts of the work is to improve cooperation between Embassy and DDO Station, with secondary attention to OPA and INR. This work is clearly at the national level, but it is staff work, only indirectly substantive.
- b. The NITs and DCID 1/2. These too represent national-level staff work, although much of it is routine at best.
- c. The Soviet R and D Team under [] This is a classic inter-disciplinary research project placed under [] by historical accident.
- d. Various accounts in the arms control and technology fields, human rights, terrorism, etc.

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Recommendations

Eliminate NIO/SS and reassign [] as discussed with him. Assign the PIWG, NITs, etc., to the National Intelligence Council, but as a staff, not an NIO function. Establish a steering committee (D/OSR, D/OSI, D/OWI, D/OER, NIO/SP, Heymann, perhaps D/OIA) for [] to report to, as a model for other inter-disciplinary projects. Reassign the miscellaneous accounts in accordance with VIB2.

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5. NIO/Warning. This account, which differs from other NIO accounts in also having management functions, cannot easily be broken up, because it alone of all NIO accounts is enshrined in a DCID (1/5), because HPSCI takes a parent's interest in it, and because it is important.

- a. The DCI has invested considerable of his capital in establishing this as a Community position answering (in fact, not on paper) directly to him. In substantive matters, NIO/W has a limited supervisory responsibility for the other NIOs; this parallels in some ways the responsibilities that might accrue to a Chairman of the National Intelligence Council.
- b. The premonitory function is important not only because of the political factor,

but equally because there is often reluctance on the part of NFAC (and other) analysts to examine and express the less probable but more dangerous potential outcomes of a situation. In general, however, NIO/W works as a looker-over-the-shoulder of the other NIOs and only intervenes when they are unwilling or unable to take the proper steps.

- c. In strategic warning, NIO/W looks over the shoulder of NIO/GPF and NIO/SP, but most of the load falls on the former. The Strategic Warning Staff reports to NIO/W, and progress is being made in revitalizing that body to support him and NIO/GPF.
- d. NIO/W also has a wide range of management responsibilities across the Community. These are not yet fully defined but may turn out to be demanding; HPSCI would like him deeply involved in the budget process, for instance.

Recommendations

Either: Vest the overall responsibilities of NIO/W in the Chairman and retain ANIO/W to handle his operational responsibilities, reporting directly to him in his NIO/W capacity. (This is a neat arrangement, but has both image and practical problems; the DCI has undertaken, both to Congress and the Community, to give concentrated attention to warning problems; NFAC's performance on premonitory intelligence will need constant pressure to be maintained.)

Or: If Congressional and Community views rule out such an arrangement, or if it appears that it will overload the Chairman, retain an NIO/W who can give full time to these problems. He will, however, need the backing of the Chairman to lean on the NIOs. (In either case, SWS should continue to report to NIO/W.)

VII. Staff and Drafting Support

- A. As noted above, regional NIOs cannot always find the quality of talent that they need to meet consumer demand for broad-ranging sophisticated analysis.

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1. The country-desk system in which the average OPA or OER analyst works does not encourage this type of thinking and writing.
 2. The developing Senior Analyst program seems to emphasize country specialists, not generalists.
 3. INR is thinly manned and reluctant to contribute.
- B. On the other hand, the military NIOs do not have the same problem.
1. They have a deeper layer of Community talent to draw on and, because of strong DoD interest, greater ability to enlist the right man for the job.
 2. Most projects under their aegis are complex integrative ones that require a team approach, both across NFAC and across the Community, and in which the managerial abilities of the team leader are more important than his drafting skills.
- C. The problem then is to provide a reserve of generalist synthesizers to the regional NIOs. There is total disagreement as to how to provide such a reserve. Among the proposals are:
1. Reestablish a drafting staff on the model of the ONE Staff.
 2. Use the NIOs' assistants as drafters and increase their numbers.
 3. Force the offices to develop the skills to take up the load.
- D. There are limitations on any neat solution to this problem.
1. There is consensus that military/technical questions are better handled by ad hoc teams. Moreover, there is merit in the idea that, as NFAC's substantive problems become more complex, the team approach be employed more often on the political/economic/geographic side.
 2. A corollary of having NIOs who have quasi-operational responsibilities is that the present A/NIOs are essential, if only to act as alter ego. This means

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that a drafting staff would be somewhat expensive, because it would have to be in addition to the assistants.

E. The three proposals above balance out as follows:

1. A self-contained staff (primarily for the regional NIOs) on the general lines of the ONE Staff.

a. Pro:

- i. Would concentrate qualified talent where it is most needed.
- ii. Would free offices of much of the burden of supporting NIOs. (Most true for OPA, least so for OSR and OWI.)
- iii. Would be most responsive to NIO requirements.

b. Con:

- i. If not closely monitored, could lead to a return to the competitive, even antagonistic, relationship between ONE and the DDI.
- ii. Could have a destructive effect on OPA.

2. Give each regional NIO an expanded staff.

This proposal exaggerates both the advantages and disadvantages of the ONE-style staff. Moreover, it would reduce staff flexibility and would encourage NIOs to spread themselves too broadly. The additional A/NIOs would tend to be clones of the NIOs themselves, a situation that could inhibit development of the skills that will be needed.

3. Rely on the offices (and other agencies) for analytic and drafting talent.

a. Pro:

- i. If properly handled, could encourage the development of high-level analytic and drafting skills in the offices.
- ii. Gives analysts sense of participation in intelligence support of policy.

- iii. Provides broadest range of expertise on which to draw.

b. Con:

- i. More uneven product.
- ii. Complicates planning and management in the offices.
- iii. Difficult for NIOs to negotiate for help.

F. Recommendations

There are good arguments in favor of an ONE-style staff and also in favor of relying on the offices, but expansion of individual NIO staffs looks like a loser. The arguments for concentrating talent where it is needed most and reducing the burden on office management seem compelling, but a complete reversion to the ONE model is neither feasible nor desirable. The following therefore represents a series of compromises.

1. Retain regional ANIOs as recommended in IIIH6. The breadth and complexity of the military accounts require, however, that NIO/GPF and NIO/SP retain two assistants each.
2. Create a staff of perhaps 20 officers (Staff Members). Staff Members would form a pool of analysts for the NIOs to draw on for the production of national intelligence. The NIO should continue to seek -- and expect -- drafting assistance and contributions from other agencies, and he should not rule out assignment of a particular paper to NFAC if the right analyst is there and can be made available, but drafting of non-military interagency papers should usually be done by the staff. NFAC offices, however, are not relieved by this policy of their obligation to provide drafters or contributions as required. Papers done under the auspices of NIO/SP and NIO/GPF will in general be produced according to present procedures -- with NFAC and Community agencies furnishing drafters and working groups -- but for broader integrative papers they, too, may on occasion draw on the staff.
3. Provide a senior officer, reporting to the Chairman, who will be responsible for recruiting, training, and overseeing Staff Members.

G. Choosing this option provides a whole that adds up to more than the sum of its parts. The formation of such a staff provides a unique opportunity to form in the Community a "critical mass" of analytic talent, innovative, challenging, highly skilled and broadly experienced to bring to bear on intelligence problems critical to national foreign policy. Nothing of the sorts exists in the Community today.

1. Such a group must be small enough to minimize bureaucratic compartmentation and procedural barriers, but large enough to provide a wide range of knowledge and viewpoint.
2. While the Staff Members' product will be "drafts," it would be misleading to call him a "drafter" or the staff a "drafting staff." The Staff Member should have a solid base of area or functional knowledge and experience, but should also have the ability to relate his area to issues that reach beyond it, to do integrative analysis across disciplines, to project his judgments beyond the cable take, and -- finally to express his views in concise and literate prose.
3. The staff should be recruited, like the NIOs, ecumenically. In practice, however, more than half will probably come from NFAC.
4. If the staff is not to be seen as a competitor to the NFAC offices, it will be important that it be seen and used as a mechanism for improving NFAC's product. Staff members and NIO assistants drawn from NFAC should in general be on rotation from the NFAC offices. Staff assignments should be built into the NFAC career planning system and into the Senior Analyst program.
5. Grades for Staff Assistants should be flexible, roughly GS-14 to SIS-2. Such a grade structure could accommodate apprenticeship assignments at one end and rotational assignments for managers and senior analysts at the other.

VIII. Organization for a National Intelligence Council

- A. This section correlates the recommendations above to flesh out a staff structure.

- B. The NIC should report to the DD/NFA, and thus be in a different category from the offices. The symbolism attached to it should emphasize its Community character and its status embodying the DD/NFA's other (national) hat. In particular, it should be depicted organizationally as having the informal relationship to the DCI that it already has in practice. (CHART II)
- C. The NIC should have the following elements (CHART III):
1. A chairman.
 2. A vice-chairman, not necessarily full-time. (He might also serve as an NIO at Large.)
 3. An Associate Chairman to work with the staff as recommended in Section VIIE. This officer and/or the Executive Officer would also take over the staff responsibilities of NIO/SS: PIWG, NITs, etc.
 4. A special assistant-reader for the Chairman, Vice-Chairman, and Associate Chairman.
 5. Six regional NIOs, and their assistants.
 6. Two military NIOs, and their assistants.
 7. Four NIOs at Large.
 8. NIO/W, if a decision is made to continue this position as a separate account, one assistant in any case, and SWS.
 9. An Executive Officer, who would handle administration, procedures, information flows, etc. and assist the Associate Chairman. He would be supported by a small administrative staff.
 10. Approximately twenty Staff Members, as outlined in Section VII.
 11. Information control will be continue to be provided by O/D/NFAC, and editorial and production support by PPG.
- D. The manning of the NIC (not including the Strategic Warning Staff) would appear as follows:

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	<u>Senior EP-5/GS-17</u>	<u>Other Professional</u>	<u>Clerical</u>
Chairman	1	1	1
(Vice-Chairman)	(1)		(1)
Associate Chairman	1		1
NIOs at Large	4*	1	2
NIOs (with accounts)	8		8
A/NIOs		10-12**	
Staff Members		20	6
NIO/W	(1)	1***	1
Exec. Officer		1	1
Admin Staff		2****	1****
 Total	 14-16	 36-38	 21-22

Grand Total: 71-76 plus SWS

*Could include Vice-Chairman

**Leeway initially for some regional accounts

***ANIO/W reports to Chairman if he continues as NIO/W

****Tentative

E. The present NIO T/O includes

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CHART I

Proposed Responsibilities for National Intelligence Production in NFAC

	<u>Interagency</u>	<u>Interoffice</u>	<u>Single Office</u>	<u>Current</u>
Definition and policy liaison	NIO	NIO primary at senior levels	NIO primary at senior levels	NIO advises
Planning (where applicable)	NIO and Office Directors	NIO and ODs	NIO and ODs*	NA
Management	NIO	ODs; NIO* advises	ODs*	OD
Drafting	Normally* **NIC Staff	OD selects;* NIO advises	OD selects*	OD selects
Approval (below DD/NFA and DCI)	NIO	NIO advises*	NIO advises* by exception	NIO advises* by exception

*Areas of present confusion and difficulty

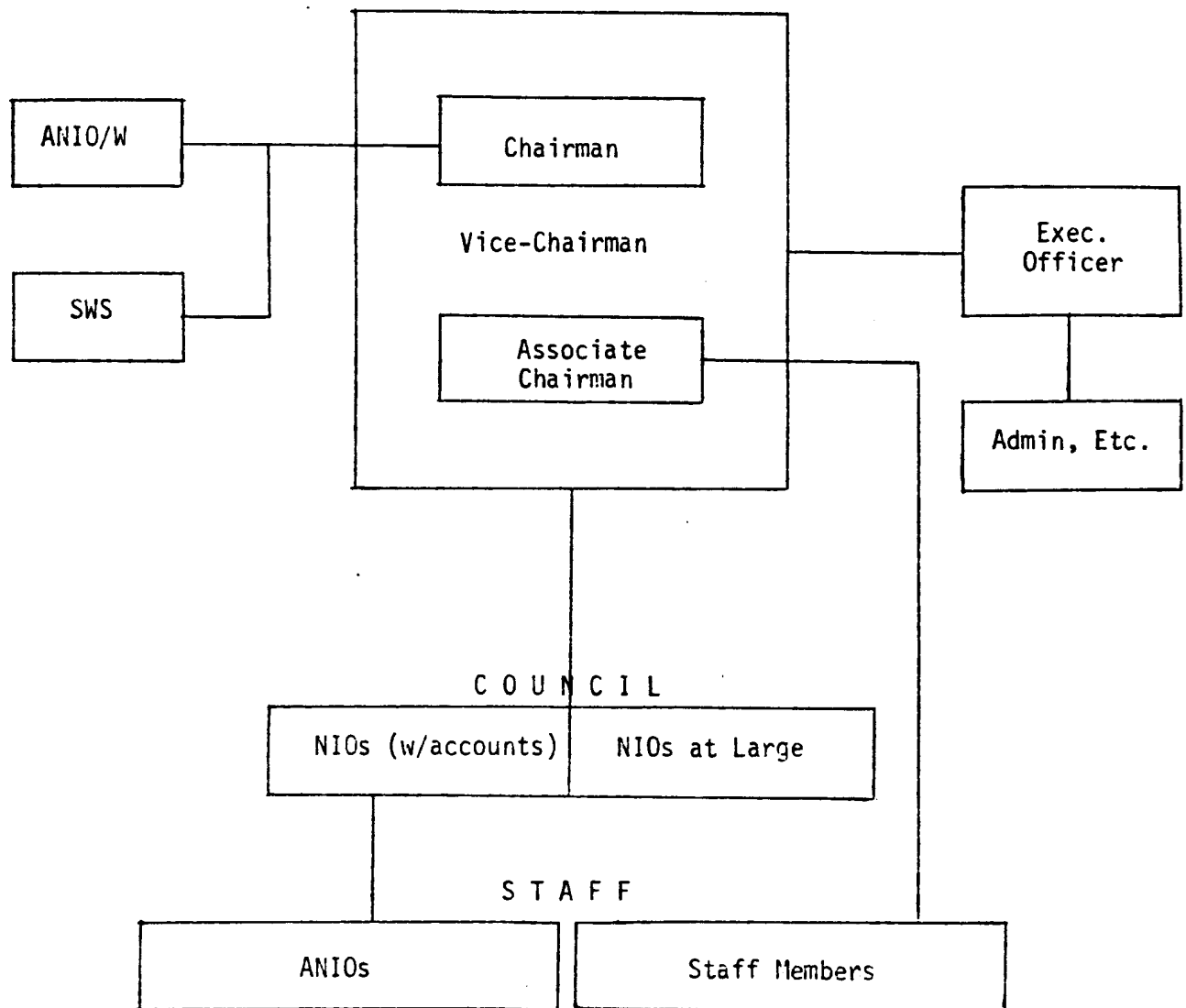
**Military papers will continue to be drafted on an interagency basis as at present

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CHART III

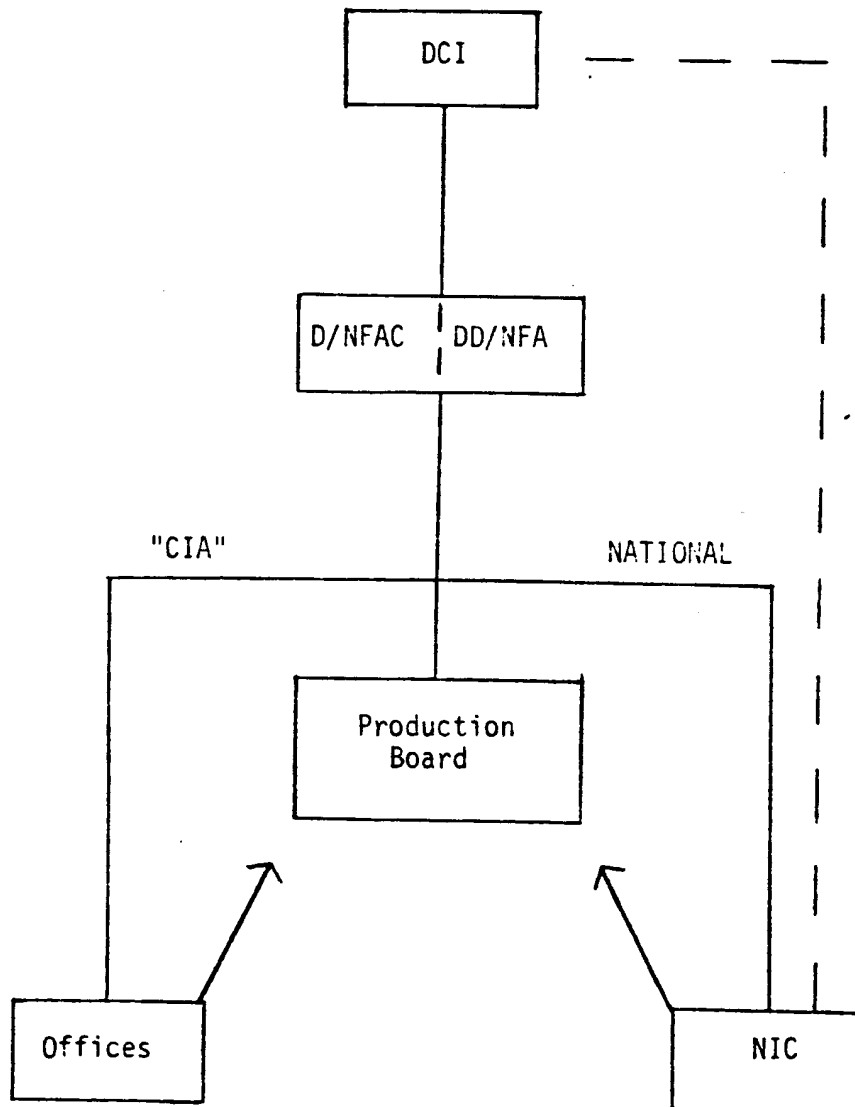
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CHART II

"DD/NFA Wears Two Hats"



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